

MOTHERS AGAINST DRUNK DRIVING**FINANCIAL STATEMENTS
AND REPORT OF INDEPENDENT
CERTIFIED PUBLIC ACCOUNTANTS****DECEMBER 31, 2012**

Under provisions of state law, this report is a public document. A copy of the report has been submitted to the entity and other appropriate public officials. The report is available for public inspection at the Baton Rouge office of the Legislative Auditor and, where appropriate, at the office of the parish clerk of court.

Release Date **NOV 06 2013**

MOTHERS AGAINST DRUNK DRIVING

DECEMBER 31, 2012

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Report of Independent Certified Public Accountants

To the Board of Directors
Mothers Against Drunk Driving

Report on the Financial Statements

We have audited the accompanying financial statements of Mothers Against Drunk Driving ("MADD"), which comprise the statement of financial position as of December 31, 2012 and the related statements of activities and changes in net assets, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America, this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of MADD as of December 31, 2012, and the changes in its net assets and its cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated July 31, 2013, on our consideration of MADD's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal

control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering MADD's internal control over financial reporting and compliance.

LANE GORMAN TRUBITT, PLLC

Dallas, Texas
July 31, 2013

Members of AICPA and The Leading Edge Alliance

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Mothers Against Drunk Driving
STATEMENT OF FINANCIAL POSITION
December 31, 2012

ASSETS

Cash and cash equivalents	\$ 10,224,268
Investments in certificates of deposit	11,354,698
Trade accounts receivable, net of allowance for doubtful accounts of \$0	247,912
Grants receivable	1,478,058
Contributions receivable, net of unamortized discount of \$51,261	1,335,067
Prepaid expenses and other	633,401
Literature and supplies inventory	320,002
Property and equipment, net	<u>21,259</u>
 Total assets	 <u>\$ 25,614,665</u>

LIABILITIES AND NET ASSETS

LIABILITIES

Accounts payable	\$ 19,327
Accrued liabilities	2,641,245
Deferred revenue	56,557
Deferred rent	<u>110,356</u>
Total liabilities	2,827,485

COMMITMENTS AND CONTINGENCIES

NET ASSETS

Unrestricted	21,114,266
Temporarily restricted	1,662,914
Permanently restricted	<u>10,000</u>
Total net assets	<u>22,787,180</u>
 Total liabilities and net assets	 <u>\$ 25,614,665</u>

The accompanying notes are an integral part of these financial statements

Mothers Against Drunk Driving
STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS
Year ended December 31, 2012

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total 2012
REVENUES				
Contributions				
Individuals	\$ 12,050,805	\$ 79,419	\$ -	\$ 12,130,224
Corporations	2,906,464	1,083,090	-	3,989,554
Foundations	579,531	570,914	-	1,150,445
In-kind	3,507,952	-	-	3,507,952
Grants				
Government	8,735,666	16,000	-	8,751,666
Foundations	12,760	-	-	12,760
Special events	54,235	-	-	54,235
Cost of direct benefits to donors	(48,890)	-	-	(48,890)
Net special events	5,345	-	-	5,345
Other revenue				
Investment income	5,998	-	-	5,998
Victim impact panels	6,085,647	-	-	6,085,647
Licenses, promotions and other	2,629,510	-	-	2,629,510
Total contributions, grants, special events and other revenue	36,519,678	1,749,423	-	38,269,101
Net assets released from restrictions	989,027	(989,027)	-	-
Total revenues	37,508,705	760,396	-	38,269,101
EXPENSES				
Program services				
Campaign to Eliminate Drunk Driving	12,831,951	-	-	12,831,951
Victim Services	11,198,916	-	-	11,198,916
Underage Drinking	4,074,286	-	-	4,074,286
Total program services	28,105,153	-	-	28,105,153
Supporting services				
Management and general	3,200,709	-	-	3,200,709
Fundraising	5,445,279	-	-	5,445,279
Total supporting services	8,645,988	-	-	8,645,988
Total expenses	36,751,141	-	-	36,751,141
CHANGE IN NET ASSETS, BEFORE PROVISION FOR FEDERAL INCOME TAX	757,564	760,396	-	1,517,960
Provision for federal income tax	(174,152)	-	-	(174,152)
CHANGE IN NET ASSETS	583,412	760,396	-	1,343,808
NET ASSETS AT BEGINNING OF YEAR	20,530,854	902,518	10,000	21,443,372
NET ASSETS AT END OF YEAR	\$ 21,114,266	\$ 1,662,914	\$ 10,000	\$ 22,787,180

The accompanying notes are an integral part of these financial statements

Mothers Against Drunk Driving
STATEMENT OF FUNCTIONAL EXPENSES
Year ended December 31, 2012

	Program services				Supporting services			
	Campaign to Eliminate Drunk Driving	Victim Services	Underage Drinking	Total	Fund-raising	Management and general	Total	Total 2012
Salaries, benefits, and related taxes	\$ 4,126,609	\$ 7,297,379	\$ 2,042,446	\$ 13,466,434	\$ 1,528,897	\$ 2,519,235	\$ 4,048,132	\$ 17,514,566
Printing, publication and related materials	3,969,563	486,963	353,854	4,810,380	625,419	1,076	626,495	5,436,875
Professional fees	1,131,036	352,384	566,969	2,050,389	1,677,550	199,901	1,877,451	3,927,840
Occupancy	643,200	1,047,995	288,521	1,979,716	237,677	142,093	379,770	2,359,486
Travel	570,647	739,923	261,258	1,571,828	58,939	56,500	115,439	1,687,267
Office expense and maintenance	359,261	600,571	186,165	1,145,997	128,202	142,362	270,564	1,416,561
Postage	682,267	109,982	68,192	860,441	529,615	10,578	540,193	1,400,634
Supplies	362,298	104,340	80,062	546,700	167,621	5,426	173,047	719,747
Conferences and workshops	416,887	98,427	96,668	611,982	19,807	10,328	30,135	642,117
Insurance	30,318	45,613	17,405	93,336	14,063	35,115	49,178	142,514
Data management	150,837	4,693	6,900	162,430	241,316	-	241,316	403,746
Other	389,028	310,646	105,846	805,520	216,173	78,095	294,268	1,099,788
	<u>\$ 12,831,951</u>	<u>\$ 11,198,916</u>	<u>\$ 4,074,286</u>	<u>\$ 28,105,153</u>	<u>\$ 5,445,279</u>	<u>\$ 3,200,709</u>	<u>\$ 8,645,988</u>	<u>\$ 36,751,141</u>

The accompanying notes are an integral part of these financial statements

Mothers Against Drunk Driving
STATEMENT OF CASH FLOWS
Year ended December 31, 2012

CASH FLOWS FROM OPERATING ACTIVITIES

Change in net assets	\$ 1,343,808
Adjustments to reconcile change in net assets to net cash provided by operating activities	
Provision for uncollectible receivables	35
Depreciation and amortization	44,438
Net realized and unrealized losses on investments	96,755
Gain on sale of property and equipment	(199)
Changes in operating assets and liabilities	
Trade accounts receivable	41,173
Grants receivable	544,932
Contributions receivable	(1,062,273)
Prepaid expenses and other	(97,500)
Literature and supplies inventory	36,786
Accounts payable	(8,714)
Accrued liabilities	512,044
Deferred revenue	22,623
Deferred rent	110,356
Net cash provided by operating activities	<u>1,584,264</u>

CASH FLOWS FROM INVESTING ACTIVITIES

Proceeds from sale of property and equipment	199
Purchases of property and equipment	(6,604)
Proceeds from sale and maturities of investments	14,208,000
Purchases of investments	<u>(17,269,453)</u>
Net cash provided by investing activities	<u>(3,067,858)</u>

INCREASE IN CASH AND CASH EQUIVALENTS (1,483,594)

CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR 11,707,862

CASH AND CASH EQUIVALENTS AT END OF YEAR \$ 10,224,268

Supplemental disclosure of cash flow information

Income taxes paid	\$ 174,152
Interest paid	\$ -

The accompanying notes are an integral part of these financial statements

Mothers Against Drunk Driving
NOTES TO FINANCIAL STATEMENTS

NATURE OF OPERATIONS

Mothers Against Drunk Driving ("MADD") is a national nonprofit organization whose mission is to stop drunk driving, support the victims of this violent crime and prevent underage drinking

MADD is a Washington DC non-profit corporation. The 193 field locations (as of December 31, 2012) throughout the United States are integral parts of the corporation and have no separate legal status. Moreover, they function under the auspices of the MADD National Office, which in addition to directly administering various nationwide programs, provides organizational, technical and other support services to these community-based groups.

Community programs consist of prevention and awareness programs and campaigns that are administered by the National Office and field locations to achieve the mission of MADD. These include programs to promote greater awareness about the problem of substance impaired driving and underage drinking, programs to mobilize communities in eliminating these problems, support and advocacy services to drunk and drugged driving victims and their families, and other related programs. The following is a list of some of these programs, campaigns and activities:

Community Outreach, Public Awareness, and Public Policy

- * *Campaign to Eliminate Drunk Driving®*
- * Public Policy/Government Relations
 - Legislative Updates and Alerts
 - Victim Tributes
 - Advocacy
 - e-Newsletter
 - Discussion Forum
 - Statistics
- * Law Enforcement Recognition Events
- * Law Enforcement Support/Collaboration
- * Court Monitoring Program
- * *Tie One On for Safety®*
- * madd.org
- * Media Awards
- * *Walk Like MADD®*
- * MADD National Conference
- * Public Service Announcements
- * MADD Messenger newsletter
- * Media Communications/Press Events
- * Direct Mail Education/Awareness Programs
- * Telephone Education/Awareness Programs
- * General Educational materials & Brochures
- * Volunteer Management *Driven to Save Lives*

Underage Drinking

- * *Power of Parents®* Program
- * *PowerTalk 21®* day
- * *Power of You(th)®* program
- * *Power of Community®* program
- * Power of Parents *Start Making a Right Turn (SMART™)* parent program
- * Power of You(th) *Start Making a Right Turn (SMART™)* teen program
- * *MADD Youth in Action®* for High School
- * Red Ribbon Week (alcohol education and awareness)
- * *Protecting You/Protecting Me®* Elementary Curriculum

Victim Services

- * Victim Assistance 24 Hour 877-MADD-HELP helpline
- * Crisis Intervention for Victims
- * Court Accompaniment
- * Victim Assistance Support, Advocacy & Education
- * Victim Services How-to Manuals
- * Online Support Group
- * Child Endangerment Assistance
- * Concerned Citizens Assistance
- * Death Notification Seminars
- * Victim Support Groups
- * Victim Service Public Service Announcements
- * Beginning and Advanced Victim Assistance Training Institutes
- * Training of Allied Professionals
- * Trauma Tips
- * Crime Victim Rights Week
- * Victim Assistance Literature
- * *MADDvocate®* Magazine
- * *MADD Victim Impact Panels®*
- * Victim Photo Board Wall of Honor
- * Candlelight Victim/Survivor Tributes

Mothers Against Drunk Driving
NOTES TO FINANCIAL STATEMENTS

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A summary of significant accounting policies consistently applied in the preparation of the accompanying financial statements is as follows

Basis of Accounting

The accompanying financial statements have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America ("GAAP")

Basis of Presentation

The accompanying financial statements include the accounts of the National Office and all field locations. Inter-location transactions and balances have been eliminated.

Net assets and revenues, expenses, gains, and losses are classified based on the existence or absence of donor-imposed restrictions. Accordingly, net assets and changes therein are classified as follows:

Unrestricted net assets – Net assets not subject to donor-imposed stipulations. Unrestricted net assets may be designated for specific purposes by action of the Board of Directors.

Temporarily restricted net assets – Net assets subject to donor-imposed stipulations that may or will be met by actions of MADD and/or the passage of time.

Permanently restricted net assets – Net assets subject to donor-imposed stipulations that they be maintained permanently by MADD. Generally, the donors of these assets permit MADD to use all or part of the income earned on related investments for general or specific purposes.

Revenues are reported as increases in unrestricted net assets unless use of the related asset is limited by donor-imposed restrictions. Expenses are reported as decreases in unrestricted net assets. Gains and losses on investments and other assets or liabilities are reported as increases or decreases in unrestricted net assets unless their use is restricted by explicit donor stipulation or by law. Expirations of temporary restrictions on net assets (i.e., the donor-stipulated purpose has been fulfilled and/or the stipulated time period has elapsed) are reported as reclassifications between the applicable classes of net assets.

Contributions are recognized as revenues in the period unconditional promises to give are received. Conditional promises to give are not recognized until they become unconditional, that is when the conditions on which they depend are substantially met. Contributions of assets other than cash are recorded at their estimated fair value. Contributions to be received after one year are discounted at an appropriate discount rate commensurate with the risks involved. Amortization of the discount is recorded as additional contribution revenue in accordance with donor-imposed restrictions, if any, on the contributions.

Contributions of property and equipment are reported as unrestricted support unless explicit donor stipulations specify how the donated assets must be used. Gifts of long-lived assets with explicit restrictions that specify how the assets are to be used and gifts of cash or other assets that must be used to acquire long-lived assets are reported as restricted support. Absent explicit donor stipulations about how long those long-lived assets must be maintained, MADD reports expirations of donor restrictions when the donated or acquired long-lived assets are placed in service.

Contributed services are recognized as revenue if the services received (a) create or enhance nonfinancial assets or (b) require specialized skills that would typically need to be purchased if not provided by donation. Gifts of long-lived assets are recognized at fair value at the date of gift. MADD does not impose a time restriction on such gifts.

Income and investment gains and losses are reported as follows:

- As increases (decreases) in permanently restricted net assets if the terms of the gift require they be included in principal of a permanent endowment fund,
- As increases (decreases) in temporarily restricted net assets if the terms of the gift impose restrictions on their use,
- As increases (decreases) in unrestricted net assets in all other cases.

Mothers Against Drunk Driving
NOTES TO FINANCIAL STATEMENTS

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Cash and Cash Equivalents

Cash and cash equivalents consist of cash on hand and all highly liquid investments purchased with an initial maturity of three months or less. MADD maintains its cash balances with high credit quality financial institutions located in various states, which at times may exceed federally insured limits. MADD monitors its risk under these arrangements and has not experienced any losses on such accounts.

Cash and securities maintained through a registered securities dealer are insured up to \$500,000 by the Securities Investor Protection Corporation ("SIPC"). SIPC covers losses from fraud and negligence of the registered securities dealer, but not against market losses or investment return. Balances held in accounts may still at times exceed insured limits. MADD has not incurred any losses in these accounts, outside normal trading activities, and does not believe that they are exposed to any significant credit risk.

Investments

MADD's investments in certificates of deposit, with original maturities greater than three months, are carried at amortized cost. These investments do not qualify as securities as defined in Financial Accounting Standards Board ("FASB") Accounting Standards Codification ("ASC") 320, *Investments – Debt and Equity Securities*, thus fair value disclosures required by ASC 820, *Fair Value Measurements and Disclosures*, are not provided. Net realized and unrealized gains (losses) are reflected in investment income in the statement of activities and changes in net assets.

Fair Value Measurements

In determining fair value, MADD uses various valuation approaches. GAAP establishes a fair value hierarchy for inputs used in measuring fair value. Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability (i.e., the "exit price") in an orderly transaction between market participants at the measurement date. GAAP emphasizes that fair value is a market-based measurement, not an entity-specific measurement. Therefore, a fair value measurement should be determined based on the assumptions that participants would use in pricing the asset or liability.

As a basis for considering market participant assumptions in fair value measurements, GAAP establishes a three-tier hierarchy to distinguish between various types of inputs used in determining the value of MADD's financial instruments. The inputs are summarized in three levels as outlined below:

Level 1 Inputs – Quoted prices (unadjusted) in active markets for identical assets and liabilities. Valuations of these instruments do not require a high degree of judgment since the valuations are based on quoted prices in active markets.

Level 2 Inputs – Quoted prices for similar assets or liabilities in active markets, quoted prices for identical or similar assets or liabilities that are not active, and inputs other than quoted prices that are observable, such as models or other valuation methodologies. Valuations in this category are inherently less reliable than quoted market prices due to the degree of subjectivity involved in determining appropriate methodologies and the applicable underlying assumptions.

Level 3 Inputs – Unobservable inputs for the valuation of the asset or liability. These inputs require significant management judgment or estimation. These financial instruments have inputs that cannot be validated by readily determinable market data and generally involve considerable judgment by management.

In certain cases, the inputs used to measure fair value may fall into different levels of the fair value hierarchy. In such cases, the level in the fair value hierarchy within which the measurement falls in its entirety is determined based on the lowest level input that is significant. MADD's assessment of the significance of a particular input to the fair value measurement in its entirety requires judgment and considers factors specific to the financial instrument.

There were no assets measured at fair value at December 31, 2012. There have been no changes in the methodologies used as of December 31, 2012.

Mothers Against Drunk Driving
NOTES TO FINANCIAL STATEMENTS

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Fair Value Measurements (Continued)

The methods described above may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, while MADD believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement at the reporting date.

Receivables

Receivables consist primarily of grants receivable from government agencies and represent amounts due to MADD in accordance with cost-reimbursement contracts. Trade accounts receivable are carried at the invoiced amount or the amount of reimbursable costs incurred, less an estimate made for doubtful receivables. Contributions receivable are primarily from organizations or individuals and are stated at the amount that management expects to collect from outstanding balances.

Government grant receivables are fully collectible. Trade accounts receivable and contributions receivable outstanding more than 90 days are considered past due. MADD determines its allowance for doubtful accounts based on past due amounts and other available information regarding the current status of individual accounts and current economic conditions. MADD writes off receivables when they become uncollectible. Recoveries of receivables previously written off are recorded when received. In the event of complete nonperformance, the maximum exposure to MADD is the outstanding receivable balance at the date of nonperformance.

Prepaid Expenses and Other

Prepaid expenses and other consist of deposits, prepaid rent, prepaid insurance, and other similar amounts that relate to future periods.

Literature and Supplies Inventory

Supplies of literature and other program-related materials are stated at the lower of cost or market, with cost being determined using the actual cost method.

Property and Equipment

Donated property and equipment are recorded at fair value at date of receipt, and expenditures for property and equipment are stated at cost. MADD capitalizes those items in excess of \$5,000 which have a useful life greater than one year. Depreciation is provided on a straight-line basis over the estimated useful lives of the assets ranging from three to seven years.

Leasehold improvements are amortized on a straight-line basis over the respective lease term or life of the improvement, whichever is shorter.

Advertising

Advertising costs are expensed as incurred. Total advertising costs for the period ended December 31, 2012 were \$3,516,731.

Revenue Recognition

Revenue is recognized on conditional promises to give when the conditions are substantially met. Grant revenue is recognized as contract terms are fulfilled. Contributions and grants are considered to be available for unrestricted purposes unless restricted by the donor for specific purposes. Revenue from victim impact panels is recognized as the panels occur. Licenses, promotions and other revenue are recognized when earned.

MADD has entered into royalty agreements with various third parties relating to use of the MADD name and brand. Revenue recognized under these royalty agreements is included in licenses, promotions and other revenue in the accompanying statement of activities and changes in net assets.

Mothers Against Drunk Driving
NOTES TO FINANCIAL STATEMENTS

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Deferred Revenue

Deferred revenue for MADD primarily consists of advance payments from granting agencies

Special Events

MADD conducts special fundraising events, including golf tournaments, runs, dinners, auctions, breakfasts, and bike rallies. However, only events where there is a registration or participation fee are included in special events revenue; contributions raised in conjunction with events are included as contribution revenue. The cost of the direct benefit to donors that the participant receives at such events is presented on the statement of activities and changes in net assets to result in net special events revenue. All other expenses related to special events are allocated to fund-raising expense.

Joint Costs

As stated in the Financial Accounting Standards Board's Accounting Standards Codification topic 958 ("ASC 958"), *Not for Profit Entities*, costs included in conducting joint activities that are not identifiable with a particular component of the activity are allocated between fund-raising and program services.

Functional Allocation of Expenses

The costs of providing the various program and supporting services have been summarized on a functional basis in the accompanying statements of activities and changes in net assets and functional expenses. Certain costs have been allocated among the programs and supporting services benefited.

Lease Accounting

MADD determines whether to account for its leases as operating, capital, or financing leases depending on the underlying terms of the lease agreement. This determination of classification is complex and requires significant judgment relating to certain information including the estimated fair value and remaining economic life of the leased assets, MADD's cost of funds, minimum lease payments, and other lease terms.

Income Taxes

MADD is exempt from federal income tax under 501(c)(3) of the United States Internal Revenue Code (the "Code"), except to the extent it has unrelated business income. MADD has been determined by the Internal Revenue Service not to be a private foundation within the meaning of Section 509(a) of the Code. For the year ended December 31, 2012, MADD had net unrelated business income of approximately \$495,000. Accordingly, a provision for federal income tax has been provided in the accompanying statement of activities and changes in net assets and in accrued liabilities in the accompanying statement of financial position of approximately \$174,000.

GAAP requires the evaluation of tax positions taken or expected to be taken in the course of preparing MADD's tax returns to determine whether the tax positions are more likely than not of being sustained by the applicable tax authority. Tax positions not deemed to meet the more likely than not threshold would be recorded as a tax benefit or expense in the current year. A reconciliation is not provided herein, as the beginning and ending amounts of unrecognized benefits are zero, with no interim additions, reductions, or settlements. MADD is relying on its tax-exempt status and its adherence to all applicable laws and regulations to preserve that status. However, the conclusions regarding accounting for uncertainty in income taxes will be subject to review and may be adjusted at a later date based on factors including, but not limited to, ongoing analysis of tax laws, regulations, and interpretations thereof.

MADD recognizes interest and penalties, if any, related to uncertain tax positions as income tax expense. MADD's informational returns filed are generally subject to examination for three years after the later of the due date or date of filing. As a result, MADD is no longer subject to income tax examinations by tax authorities for years prior to fiscal year 2009.

Mothers Against Drunk Driving
NOTES TO FINANCIAL STATEMENTS

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Use of Estimates

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosures of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

2. CASH AND CASH EQUIVALENTS

The following summarizes total cash and cash equivalents as of December 31, 2012

Cash	\$ 9,856,698
Certificates of deposit	367,570
	<u>\$ 10,224,268</u>

3. INVESTMENTS

MADD invests in various investment securities. Investment securities are exposed to various risks, such as interest rate, overall market volatility, and credit risks. Due to the level of risk associated with certain investment securities, it is at least reasonably possible that changes in the values of investment securities will occur in the near term and that such changes could materially affect MADD's account balances and the amounts reported in the statement of financial position.

The following summarizes total investment income for the year ended December 31, 2012

Interest income	\$ 102,753
Net realized and unrealized loss on investments	(96,755)
	<u>\$ 5,998</u>

4. CONTRIBUTIONS RECEIVABLE

Included in contributions receivable are the following unconditional promises to give at December 31, 2012

Pledges and receivable from a charitable lead trust before unamortized discount	\$ 1,386,328
Less unamortized discount	(51,261)
	1,335,067
Less allowance for uncollectible contributions	-
Net unconditional promise to give	<u>\$ 1,335,067</u>

Contributions receivable are discounted using a rates ranging from 41% to 2.29%

Contributions receivable are expected to be collected in	
Less than one year	\$ 428,971
One to five years	630,414
Greater than five years	326,943
	<u>\$ 1,386,328</u>

MADD is the beneficiary of income from a charitable lead trust from which MADD is to receive \$10,000 per year for 10 years through year 2013. The present value of the future cash receipts from the trust was approximately \$5,000 as of December 31, 2012, and is recorded in contributions receivable.

MADD is a beneficiary of a trust from which MADD is to receive over a period of fifteen years, an amount each year equal to the value of the remaining income and principal of the trust fund divided by the number of years remaining in the term of the trust fund. The present value of future cash receipts from this trust fund was approximately \$439,000 as of December 31, 2012 and is recorded in contributions receivable.

Mothers Against Drunk Driving
NOTES TO FINANCIAL STATEMENTS

5. PROPERTY AND EQUIPMENT

Property and equipment consist of the following at December 31, 2012

Furniture and fixtures	\$ 97,151
Office equipment	620,535
Copier Equipment	6,604
Leasehold improvements	<u>339,020</u>
	1,063,310
Less accumulated depreciation and amortization	<u>(1,043,251)</u>
	20,059
Land	<u>1,200</u>
	<u>\$ 21,259</u>

6. NET ASSETS

Net assets consist of the following at December 31, 2012

Unrestricted	\$ 21,114,266
Temporarily restricted	
Specific future periods	494,744
Specific program and support activities	1,168,170
Permanently restricted	
Endowment	<u>10,000</u>
	<u>\$ 22,787,180</u>

Net Assets Released From Restrictions

The sources of net assets released from temporary donor restrictions by incurring expenses satisfying the restricted purposes or by passage of time or occurrence of events specified by the donor were as follows for the period ended December 31, 2012

Fulfillment of use restrictions	\$ 979,561
Release of time restrictions	<u>9,466</u>
	<u>\$ 989,027</u>

7. ALLOCATION OF JOINT COSTS

Joint costs paid by MADD to outside firms for education materials and activities that included fund-raising appeals have been allocated as follows at December 31, 2012

Programs	\$ 2,401,598
Fund-raising	<u>3,088,151</u>
	<u>\$ 5,489,749</u>

8. EMPLOYEE BENEFIT PLANS

A defined contribution retirement plan (the "DC Plan") covers all eligible employees of MADD who are at least 21 years of age, have completed one year of service, and have worked at least 1,000 hours. Employee contributions are not allowed under the DC Plan. Employees are fully vested after five years of service or, if hired prior to July 1989 are fully vested after three years of service. Employer contributions are discretionary and determined annually by MADD. There were no discretionary contributions for the year ended December 31, 2012, and no future contributions are anticipated.

Mothers Against Drunk Driving
NOTES TO FINANCIAL STATEMENTS

8. EMPLOYEE BENEFIT PLANS (Continued)

MADD allows eligible employees to contribute to a tax-deferred retirement plan (the "403(b) Plan") which is subject to Sections 403 and 501 of the Code. All eligible employees may contribute to the 403(b) Plan any whole percentage of their eligible salary not to exceed the maximum allowed by the Code. The total value of the participant's contribution is fully and immediately vested. MADD matches eligible employee contributions up to 3% of compensation. MADD's contributions to the 403(b) Plan, which are included in salaries, benefits, and taxes on the statement of functional expenses, were approximately \$159,800 for the year ended December 31, 2012.

9. IN-KIND CONTRIBUTIONS AND DONATED PERSONAL SERVICES OR VOLUNTEERS

MADD receives in-kind contributions consisting of donated materials and professional services. Contributed services are recorded if the service (a) creates or enhances nonfinancial assets or (b) requires specialized skills which would typically need to be purchased if not contributed. In-kind donations are included in total revenues and expenses in the accompanying statement of activities and changes in net assets for the year ended December 31, 2012 at their estimated fair values as follows:

Public service announcements	\$ 3,490,781
Supplies	15,846
Special event auction items and supplies	<u>1,325</u>
	<u>\$ 3,507,952</u>

In-kind contributions benefit various functions and are allocated among those functions in the accompanying statement of functional expenses.

In addition, MADD receives services from a large number of volunteers who give significant amounts of their time to MADD for programs, fund-raising campaigns, and management. The value of this contributed time is not reflected in the financial statements since it does not meet the criteria discussed above.

10. LEASES

The MADD National Office and certain field locations have non-cancelable operating lease agreements for office space at various locations that expire through April 2018. Management expects that, in the normal course of business, leases that expire will be renewed or replaced by other leases. MADD recognizes escalating lease payments on a straight-line basis over the term of each respective lease. Future annual minimum lease payments due under these leases are as follows at December 31:

2013	\$ 1,617,843
2014	1,147,955
2015	552,162
2016	236,050
2017	111,749
Thereafter	<u>19,024</u>
	<u>\$ 3,684,783</u>

Rent expense, which is included in occupancy on the statement of functional expenses, totaled approximately \$1,853,000 for the year ended December 31, 2012.

MADD has contracted with a third party vendor to represent MADD in various real estate leasing transactions and to perform administrative functions related to those leases. The agreement has a term of three years with optional multi-year extensions.

Mothers Against Drunk Driving
NOTES TO FINANCIAL STATEMENTS

11. COMMITMENTS, CONTINGENCIES, AND CONCENTRATIONS

MADD, in its normal course of business, is subject to various legal actions. Additionally, federal, state, and other grants are subject to periodic review and assessment by related federal, state, and other agencies. MADD believes the ultimate outcome of these matters will not have a material effect on MADD's financial position, results of operations, or cash flows.

At December 31, 2012, four donors comprise approximately 91% of contributions receivable. In addition, at December 31, 2012, one grantor comprises approximately 11% of grants receivable and two entities comprise approximately 61% of trade accounts receivable.

MADD has entered into various sponsorships and licensing agreements with third parties relating to use of certain MADD service marks, trade names, and logos. The terms of the agreements range from one to four years. Certain third parties have also agreed to pay MADD a royalty for each item of merchandise bearing certain MADD service marks, trade names, and logos. Future minimum revenues due under these agreements are as follows at December 31:

2013	\$ 1,210,000
2014	510,000
2015	310,000
2016	60,000
2017	<u>60,000</u>
	<u>\$ 2,150,000</u>

12. SUBSEQUENT EVENTS

Management has evaluated subsequent events through July 31, 2013, the date the financial statements were available to be issued.

MOTHERS AGAINST DRUNK DRIVING

SINGLE AUDIT REPORT

DECEMBER 31, 2012

MOTHERS AGAINST DRUNK DRIVING

DECEMBER 31, 2012

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Report of Independent Certified Public Accountants on Internal
Control over Financial Reporting and on Compliance and Other
Matters Based on an Audit of Financial Statements
Performed in Accordance with Government Auditing
Standards

To the Board of Directors
Mothers Against Drunk Driving

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of Mothers Against Drunk Driving ("MADD"), which comprise the statement of financial position as December 31, 2012, and the related statements of activities and changes in net assets, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated July 31, 2013

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered MADD's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of MADD's internal control. Accordingly, we do not express an opinion on the effectiveness of MADD's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of MADD's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether MADD's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of MADD's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering MADD's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

LANE GORMAN TRUBITT, PLLC

Dallas, Texas
July 31, 2013

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**Report of Independent Certified Public Accountants on Compliance
with Requirements that Could Have a Direct and Material
Effect on Each Major Program and on Internal Control
Over Compliance in Accordance with OMB Circular A-133**

To the Board of Directors
Mothers Against Drunk Driving

Report on Compliance for Each Major Federal Program

We have audited Mothers Against Drunk Driving's ("MADD") compliance with the types of compliance requirements described in the United States Office of Management and Budget ("OMB") *Circular A-133 Compliance Supplement* that could have a direct and material effect on each of MADD's major federal programs for the year ended December 31, 2012. MADD's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of MADD's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America, the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about MADD's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of MADD's compliance.

Opinion on Each Major Federal Program

In our opinion, MADD complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended December 31, 2012.

Report on Internal Control Over Compliance

Management of MADD is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered MADD's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of MADD's internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of MADD's internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. *A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be deficiencies, significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, we identified certain deficiencies in internal control over compliance that we consider to be significant deficiencies as described in the accompanying schedule of findings and questioned costs as items 2012-1 and 2012-2.

MADD's response to the finding identified in our audit is described in the accompanying schedule of findings and questioned costs. We did not audit MADD's response and, accordingly, we express no opinion on the response.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of OMB Circular A-133. Accordingly, this report is not suitable for any other purpose.

Report on Schedule of Expenditures of Federal Awards Required by OMB Circular A-133

We have audited the financial statements of MADD as of and for the year ended December 31, 2012, and have issued our report thereon dated July 31, 2013, which contained an unmodified opinion on those financial statements. Our audit was conducted for the purpose of forming an opinion on the financial statements taken as a whole. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by OMB Circular A-133 and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of federal awards is fairly stated in all material respects in relation to the financial statements as a whole.

LANE GORMAN TRUBITT, PLLC

Dallas, Texas
July 31, 2013

Mothers Against Drunk Driving
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
Year ended December 31, 2012

Federal Grantor/Pass-Through Grantor	Program Title	Recipient MADD Office	Federal CFDA Number	Pass-Through Entity Identifying Number	Expenditures
U S Department of Justice					
Pass-Through Programs					
<u>JAG Program Cluster</u>					
<u>ARRA - Recovery Act - Edward Byrne Memorial Justice Assistance Grant (JAG) Program/Grants to States and Territories</u>					
Governor's Office of Crime Control and Prevention	Bi-lingual Victim Services-BJ11	Maryland, State Office	16 803	BJRA-2009-1184	\$ 16 687
Total expended under 16 803					16 687
Total JAG Program Cluster					\$ 16,687
U S Department of Justice, Office of Juvenile Justice and Delinquency Prevention					
Pass-Through Programs					
<u>Juvenile Accountability Block Grants</u>					
State of Texas, Office of the Governor, Criminal Justice Division	Statewide Programs Project	Texas	16 523	JB-10-J20-18480-06	\$ 176 869
Total expended under 16 523					176,869
<u>Juvenile Justice and Delinquency Prevention - Allocation to States</u>					
State of Texas, Office of the Governor, Criminal Justice Division	Statewide Programs Project	Texas	16 540	JA-12-J20-18480-07	37 298
Total expended under 16 540					37,298
<u>Enforcing Underage Drinking Laws Program</u>					
Alabama Department of Economic and Community Affairs, LE/Traffic Safety Division	Alabama State Youth Advisory Board	Alabama, State Office	16 727	10-AH-ST-002	3,962
Alabama Department of Economic and Community Affairs, LE/Traffic Safety Division	Alabama State Youth Underage Drinking Prevention Program	Alabama, State Office	16 727	11-AH-ST-001	78,216
Kentucky State Police	Youth in Action	Kentucky, State Office	16 727	2010-AH-FX-0093	20,520
Minnesota Department of Public Safety, Office of Traffic Safety	Enforcing Underage Drinking Laws 2012	Minnesota, State Office	16 727	2010-AH-FX-0085	34,463
Minnesota Department of Public Safety, Office of Traffic Safety	2013 Enforcing Underage Drinking Laws	Minnesota, State Office	16 727	2011-AH-FX-0004	24 797
Rhode Island Department of Mental Health, Retardation and Hospitals	Enforcing Underage Drinking Laws Program	Rhode Island, State Office	16 727	RFP7138893	186,168
Total expended under 16 727					348,126
U S Department of Justice, Office of Victims of Crime					
Direct Award					
<u>Crime Victim Assistance/Discretionary Grants</u>					
Office of Victims of Crime	National Field Victim Services Outreach Project	National Office	16 582	2011-VF-GX-K015	215,468
Total expended under 16 582					215,468

See accompanying notes to schedule of expenditures of federal awards

Mothers Against Drunk Driving
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (Continued)
Year ended December 31, 2012

Federal Grantor/Pass-Through Grantor	Program Title	Recipient MADD Office	Federal CFDA Number	Pass-Through Entity Identifying Number	Expenditures
U S Department of Justice (Continued)					
U S Department of Justice, Office of Victims of Crime (Continued)					
Pass-Through Programs					
<u>Crime Victim Assistance (VOCA)</u>					
Alabama Department of Economic and Community Affairs, LE/Traffic Safety Division	Alabama Victim Assistance Program	Alabama, State Office	16 575	11-VA-UN-001	\$ 18,359
Alabama Department of Economic and Community Affairs, LE/Traffic Safety Division	Alabama Victim Assistance Program	Alabama State Office	16 575	11-VA-UN-009	6,590
Arkansas Victim Justice and Assistance Program Administration	Crime Victim Assistance	Arkansas, State Office	16 575	11138-10V	37,046
Arkansas Department of Finance and Administration Office of Intergovernmental Services	Victims of Crime Act Assistance	Arkansas State Office	16 575	12138-12V	11,119
Arizona Department of Public Safety	Crime Victim Assistance	Arizona, Pima Co	16 575	2011-112	26,986
Arizona Department of Public Safety	Crime Victim Assistance	Arizona, State Office	16 575	2011-104	9,130
Arizona Department of Public Safety	Crime Victim Assistance	Arizona, State Office	16 575	2011-301	11,338
Arizona Department of Public Safety	Crime Victim Assistance	Arizona, Pima Co	16 575	2012-068	25,937
State of Connecticut Judicial Branch, Office of Victim Services	Victims of Crime Act-Victim Assistance Project	Connecticut	16 575	04-1101-04	73,804
State of Connecticut Judicial Branch, Office of Victim Services	Victims of Crime Act-Victim Assistance Project	Connecticut	16 575	04-1101-04	56,500
State of Florida, Office of the Attorney General	2011/2012 Victims of Crime Act	Florida, Hillsborough	16 575	V11047	35,449
State of Florida, Office of the Attorney General	Crime Victim Assistance	Florida, State Office	16 575	V11102	171,983
State of Florida, Office of the Attorney General	2012/2013 Victims of Crime Act	Florida, Hillsborough	16 575	V12047	10,779
State of Florida, Office of the Attorney General	Crime Victim Assistance	Florida, State Office	16 575	V12102	41,901
City and County of Honolulu	Crime Victim Assistance	Hawaii	16 575	CT-PAT-1100310-4	65,000
County of Hawaii	Hawaii Honolulu Victims Services Program	Hawaii	16 575	c 003335	7,500
Idaho Department of Health and Welfare	Crime Victim Assistance	Idaho, State Office	16 575	VC011700	24,495
Idaho Department of Health and Welfare	Crime Victim Assistance	Idaho, State Office	16 575	VC105500	22,952
Illinois Criminal Justice	Victims of Crime Act	Illinois	16 575	211117	50,781
Illinois Criminal Justice	Victims of Crime Act	Illinois	16 575	212117	18,161
Kansas Office of the Governor	Victims of Crime Act	Kansas, State Office	16 575	12-VOCA-43	82,399
Kansas Office of the Governor	Victims of Crime Act	Kansas, State Office	16 575	13-VOCA-42	26,469
Kentucky Justice and Public Safety Cabinet	Victim Services Program	Kentucky, State Office	16 575	VOCA-2011-M A D D -00059	36,129
Kentucky Justice and Public Safety Cabinet	Victim Services Program	Kentucky, State Office	16 575	VOCA-2012-M A D D -00063	17,561
Louisiana Commission on Law Enforcement	Crime Victim Assistance	Louisiana, State Office	16 575	C10-8-019	73,898
Louisiana Commission on Law Enforcement	Crime Victim Assistance	Louisiana, State Office	16 575	C11-8-022	14,391
Michigan Department of Community Health	Crime Victim Assistance	Michigan, State Office	16 575	20357-15V10	142,256
Michigan Department of Community Health	Crime Victim Assistance	Michigan, State Office	16 575	20357-16V11	66,928
Missouri State Department of Public Safety, Office of the Director	Victim Services Program	Missouri, State Office	16 575	2009-VOCA-089-SW	132,575
Mississippi Department of Public Safety	Victims of Crime Program	Mississippi, State Office	16 575	10-VA581-1	24,316
Mississippi Department of Public Safety	Victims of Crime Program	Mississippi, State Office	16 575	11VA5811	19,355
North Carolina Governor's Crime Commission	North Carolina State Office - 2011	North Carolina, State Office	16 575	092-1-09-044-AV-337	53,506

See accompanying notes to schedule of expenditures of federal awards

Mothers Against Drunk Driving
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (Continued)
Year ended December 31 2012

Federal Grantor/Pass-Through Grantor	Program Title	Recipient MADD Office	Federal CFDA Number	Pass-Through Entity Identifying Number	Expenditures
U S Department of Justice (Continued)					
U S Department of Justice, Office of Victims of Crime (Continued)					
Pass-Through Programs (Continued)					
<u>Crime Victim Assistance (VOCA) (Continued)</u>					
New Mexico Crime Victims Reparation Commission	Victims of Crime Act	New Mexico, State Office	16 575	2012-VA-735	\$ 19,159
New Mexico Crime Victims Reparation Commission	Victims of Crime Act	New Mexico, State Office	16 575	2013-VA-937	25,441
New York Office of VS / State Crime Victims Board	Crime Victim Assistance	New York	16 575	C-501085	94 369
Ohio AG/Crime Victims Assistance and Prevention	Crime Victim Assistance	Ohio	16 575	2012VAGENE084	93 684
Ohio AG/Crime Victims Assistance and Prevention	Crime Victim Assistance	Ohio	16 575	2013VAGENE084	33,559
Pennsylvania Commission on Crime and Delinquency	Crime Victim Assistance	Pennsylvania, State Office	16 575	2011/2012-VF-05 22383	32,822
Pennsylvania Commission on Crime and Delinquency	Crime Victim Assistance	Pennsylvania, Berks Co	16 575	2011/2012-VF-05-22298	29,485
Pennsylvania Commission on Crime and Delinquency	Crime Victim Assistance	Pennsylvania, Butler Co	16 575	2011-VF-05-22372	7,534
Pennsylvania Commission on Crime and Delinquency	Crime Victim Assistance	Pennsylvania, Delaware Co	16 575	2011/2012-VF-05 22295	21,734
Pennsylvania Commission on Crime and Delinquency	Crime Victim Assistance	Pennsylvania, Montgomery Co	16 575	2011-VF-05-22228	16,584
Pennsylvania Commission on Crime and Delinquency	Crime Victim Assistance	Pennsylvania, Chester Co	16 575	2011/2012-VF-05 22292	7,583
Rhode Island Department of Public Safety	Victim Advocate	Rhode Island	16 575	11-421-VOCA	18 375
Rhode Island Department of Public Safety	Victim Advocate	Rhode Island	16 575	12-421-VOCA	7,051
South Carolina Department of Transportation, Office of Justice Programs	Victims of Crime Act	South Carolina, State Office	16 575	1V11089	24,169
South Carolina Department of Transportation, Office of Justice Programs	Victim Services Specialist Program	South Carolina, State Office	16 575	1V12088	19,861
Tennessee Office of Criminal Justice Programs	Victim Services	Tennessee, State Office	16 575	3943	28,665
Tennessee Office of Criminal Justice Programs	Victim Services	Tennessee, State Office	16 575	19098	26 827
State of Texas, Office of the Governor, Criminal Justice Division	Victims of Crime Act	Texas, State	16 575	VA-10-V30-15317-12	1,188,673
State of Texas, Office of the Governor Criminal Justice Division	Victims of Crime Act	Texas, State	16 575	VA-12-V30-15317-13	492,819
West Virginia Division of Justice and Community Services	Victims of Crime Act	West Virginia, State Office	16 575	11-VA-036	9,873
West Virginia Division of Justice and Community Services	Victims of Crime Act	West Virginia, State Office	16 575	10-VA-053	11 567
Wisconsin Department of Justice	Crime Victim Services	Wisconsin, State Office	16 575	2010-050-15	22,791
Total expended under 16 575					<u>3 648,218</u>
<u>Crime Victim Assistance/Discretionary Grants</u>					
National Association of VOCA Assistance Administrators	National Crime Victims' Rights Week Community Awareness Project	Florida, State Office	16 582	12-025	4,998
Total expended under 16 582					<u>4,998</u>
<u>ARRA - Recovery Act - State Victim Assistance Formula Grant Program</u>					
Arkansas Victim Justice and Assistance Recovery Program	VOCA Recovery Program	Arkansas, State Office	16 801	09138-ARRA VOCA	4,909

See accompanying notes to schedule of expenditures of federal awards

Mothers Against Drunk Driving
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (Continued)
Year ended December 31, 2012

<u>Federal Grantor/Pass-Through Grantor</u>	<u>Program Title</u>	<u>Recipient MADD Office</u>	<u>Federal CFDA Number</u>	<u>Pass-Through Entity Identifying Number</u>	<u>Expenditures</u>
U S Department of Justice (Continued)					
U S Department of Justice, Office of Victims of Crime (Continued)					
Pass-Through Programs (Continued)					
<u>ARRA - Recovery Act - State Victim Assistance Formula Grant Program</u> (Continued)					
Idaho Council on Domestic Violence and Victim Assistance	Federal Recovery Act Assistance	Idaho, State Office	16 801	VC005100	\$ 44,073
Total expended under 16 801					48,982
Total U S Department of Justice					\$ 4,496,646
U S Department of Transportation, National Highway Traffic Safety Administration (NHTSA)					
Direct Awards					
<u>National Highway Traffic Safety Administration (NHTSA) Discretionary Safety Grants</u>					
National Highway Traffic Safety Administration	Conducting Ignition Interlock Institutes	National Office	20 614	DTNH22-12-H-00383/0001	\$ 61,731
National Highway Traffic Safety Administration	Court Monitoring Program	National Office	20 614	DTNH22-12-H-00383/0003	6,636
National Highway Traffic Safety Administration	National Law Enforcement Outreach	National Office	20 614	DTNH22-12-H-00383/0002	122,487
Total expended under 20 614					190,854
Pass-Through Programs					
<u>Highway Planning and Construction Cluster</u>					
<u>Highway Planning and Construction</u>					
Hawaii Department of Transportation	Power of Parents, It's Your Influence	Hawaii	20 205	FLEX 5 - MADD HAWAII	31,251
Total expended under 20 205					31,251
Total Highway Planning and Construction Cluster					\$ 31,251
<u>Highway Safety Cluster (HSC)</u>					
<u>State and Community Highway Safety</u>					
Arizona Governor's Office of Highway Safety	Court Monitoring Program- State Arizona	Arizona, State Office	20 600	2012-AL-038	\$ 19,809
Arizona Governor's Office of Highway Safety	Court Monitoring Program- Southern Arizona	Arizona, Pima Co	20 600	2012-AL-039	34,972
Arizona Governor's Office of Highway Safety	Court Monitoring Program- State Arizona	Arizona, State Office	20 600	2013-AL-014	12,098
Nebraska Office of Highway Safety, Department of Motor Vehicles	Court Monitoring Program	Nebraska, State Office	20 600	402-12-17	57,173
Nebraska Office of Highway Safety Department of Motor Vehicles	Court Monitoring Program	Nebraska, State Office	20 600	402-13-17	15,303
Rhode Island Department of Public Safety	Youth In Action 2012	Rhode Island, State Office	20 600	NHTSA 402 2012 MADD 1	20,923
Rhode Island Department of Transportation Office on Highway Safety	Team Spirit	Rhode Island State Office	20 600	402 AL-12	40,553
Rhode Island Department of Transportation Office on Highway Safety	MADD Youth in Action/Power of Parents	Rhode Island, State Office	20 600	NHTSA 402 2013 MADD 1	500
Texas Department of Transportation	Texas Traffic Safety Program	Texas, Houston	20 600	2013-MADD-G-1YG-0055	33,569
Texas Department of Transportation	Texas Traffic Safety Program	Texas, Tyler	20 600	2013-MADD-G-1YG-0092	6,696
Total expended under 20 600					241,596

See accompanying notes to schedule of expenditures of federal awards

Mothers Against Drunk Driving
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (Continued)
Year ended December 31, 2012

Federal Grantor/Pass-Through Grantor	Program Title	Recipient MADD Office	Federal CFDA Number	Pass-Through Entity Identifying Number	Expenditures
U S Department of Transportation National Highway Traffic Safety Administration (NHTSA) (Continued)					
Pass-Through Programs (Continued)					
<u>Highway Safety Cluster (HSC) (Continued)</u>					
<u>Alcohol Impaired Driving Countermeasures Incentive Grants I</u>					
California Department of Alcoholic Beverage Control	Alcohol Impaired Driving Countermeasures Incentive Grants	California, State Office	20 601	11C-0135	\$ 514,215
Colorado Department of Transportation	Colorado Underage Drinking Prevention Program	Colorado	20 601	12-01-11-06	63,210
Colorado Department of Transportation	Colorado Underage Drinking Prevention Program	Colorado	20 601	13-01-11-06	19
State of Connecticut Department of Transportation	Power of Parents, It's your influence	Connecticut	20 601	0192-0730-AE	29,226
State of Connecticut Department of Transportation	Connecticut Youth Initiative	Connecticut	20 601	0193-0730-AK	6,646
Georgia Governor's Office of Highway Safety	Volunteer Development Initiative	Georgia, State Office	20 601	GA-2012-542-00335	64,494
Georgia Governor's Office of Highway Safety	Eliminate Drunk Driving	Georgia, State Office	20 601	GA-2013-542-00368	20,071
Illinois Department of Transportation	Court Monitoring Program	Illinois State	20 601	AL2-5480-263	169,368
Illinois Department of Transportation	Court Monitoring Program	Illinois State	20 601	AL-13-282	44,629
Louisiana Highway Safety Commission	VIP and Court Monitoring	Louisiana, State Office	20 601	2012-10-20	71,412
Louisiana Highway Safety Commission	VIP and Court Monitoring	Louisiana, State Office	20 601	2013-10-17	29,353
Maryland Department of Transportation State Highway Administration	Power of Parents, It's Your Influence	Maryland, State Office	20 601	12-020	27,603
North Carolina State Department of Transportation, Governor's Highway Safety Program	Drunk Driving and Underage Drinking Outreach	North Carolina, State Office	20 601	K8-12-02-41	78,691
North Carolina State Department of Transportation, Governor's Highway Safety Program	Drunk Driving and Underage Drinking Outreach	North Carolina, State Office	20 601	K8-13-02-11	15,835
Nebraska Office of Highway Safety, Department of Motor Vehicles	Mini Grant Contract for 2012 MADD National Conference	Nebraska, State Office	20 601	410-12-06-08	4,209
Ohio Department of Public Safety	Effectively Reducing Underage Drinking and Impaired Riding	Ohio	20 601	GG-2012-25-00-00-00276-00	28,398
Tennessee, Department of Transportation, Governor's Highway Safety Office	Court Monitoring	Tennessee, State Office	20 601	K8-12-07	63,490
Tennessee Department of Transportation Governor's Highway Safety Office	Underage Drinking Prevention	Tennessee, State Office	20 601	K8-12-08	52,951
Tennessee, Department of Transportation, Governor's Highway Safety Office	Court Monitoring	Tennessee, State Office	20 601	K8-13-09	18,251
Tennessee, Department of Transportation, Governor's Highway Safety Office	Underage Drinking Prevention	Tennessee, State Office	20 601	K8-13-10	17,941
Texas Department of Transportation	Texas Traffic Safety Program	Texas, Houston	20 601	2012-MADD-G-1YG-0038	180,480
Texas Department of Transportation	Texas Traffic Safety Program	Texas, San Antonio	20 601	2012-MADD-G-1YG-0049	90,067
Texas Department of Transportation	Texas Traffic Safety Program	Texas, Tyler	20 601	2012-MADD-G-1YG-0050	75,262
Texas Department of Transportation	Texas Traffic Safety Program	Texas State	20 601	2012-MADD-G-1YG-0046	502,846
Texas Department of Transportation	Texas Traffic Safety Program	Texas, El Paso	20 601	2012-MADD-G-1YG-0048	78,090
Texas Department of Transportation	Texas Traffic Safety Program	Texas, San Antonio	20 601	2013-MADD-G-1YG-0095	7,816
Texas Department of Transportation	Texas Traffic Safety Program	Texas State	20 601	2013-MADD-G-1YG-0091	87,556
Texas Department of Transportation	Texas Traffic Safety Program	Texas, El Paso	20 601	2013-MADD-G-1YG-0093	19,638
Virginia Department of Motor Vehicles	Alcohol Countermeasures	Virginia, State Office	20 601	K8-2012-52161-4539	162,765
Virginia Department of Motor Vehicles	Impaired Driving Safety Countermeasures	Virginia, State Office	20 601	K8-2013-53341-5056	37,846
Total expended under 20 601					<u>2,562,378</u>

See accompanying notes to schedule of expenditures of federal awards

Mothers Against Drunk Driving
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (Continued)
Year ended December 31, 2012

Federal Grantor/Pass-Through Grantor	Program Title	Recipient MADD Office	Federal CFDA Number	Pass-Through Entity Identifying Number	Expenditures
U S Department of Transportation National Highway Traffic Safety Administration (NHTSA) (Continued)					
Pass-Through Programs (Continued)					
<u>Highway Safety Cluster (HSC) (Continued)</u>					
<u>Occupant Protection Incentive Grants</u>					
Nebraska Office of Highway Safety	Mini Grant Contract for 2012 Lifesavers Conference	Nebraska, State Office	20 602	402-12-26	\$ 5,925
Total expended under 20 602					5,925
Total Highway Safety Cluster (HSC)					\$ 2 809 899
<u>Alcohol Open Container Requirements</u>					
Missouri Department of Transportation, Highway Safety Division	Court Monitoring Project	Missouri, State Office	20 607	12-154-AL-043	\$ 78,520
Missouri Department of Transportation, Highway Safety Division	Court Monitoring Project	Missouri, State Office	20 607	13-154-AL-082	14 121
Mississippi Department of Public Safety	Mississippi Underage Drinking Countermeasures	Mississippi, State Office	20 607	12-TA-581-1	46,518
Mississippi Department of Public Safety	Alcohol Countermeasures	Mississippi, State Office	20 607	13-TA-581-1	13,049
Mississippi Department of Public Safety	Alcohol Countermeasures	Mississippi, State Office	20 607	13-TA-581-2	6,266
Total expended under 20 607					158,474
<u>Minimum Penalties for Repeat Offenders for Driving While Intoxicated</u>					
California Department of Alcoholic Beverage Control	Alcohol Impaired Driving Countermeasures Incentive	California, State Office	20 608	12C-0135	92 103
Ohio Department of Public Safety	Effectively Reducing Underage Drinking and Impaired Riding	Ohio	20 608	GG-2013-25-00-00-00284-00	4,711
Total expended under 20 608					96,814
Total U S Department of Transportation					\$ 3,287,292
TOTAL EXPENDITURES OF FEDERAL AWARD					\$ 7,783,938

See accompanying notes to schedule of expenditures of federal awards

Mothers Against Drunk Driving
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
Year ended December 31, 2012

1 BASIS OF PRESENTATION

The accompanying schedule of expenditures of federal awards (the "Schedule") is a summary of MADD's federal awards activities presented on the accrual basis of accounting, in conformity with accounting principles generally accepted in the United States of America and OMB Circular A-133, *Audits of States, Local Governments and Non-Profit Organizations*. Therefore, some amounts may differ from amounts presented in, or used in the preparation of the financial statements.

Mothers Against Drunk Driving
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
Year Ended December 31, 2012

SUMMARY OF AUDITOR'S RESULTS

- 1 We have issued an unmodified opinion in our report on the financial statements
- 2 No material weaknesses or significant deficiencies relating to internal control over financial reporting were reported
- 3 The results of our audit disclosed no instances of noncompliance which were considered material to the financial statements
- 4 We issued an unmodified opinion in our report on compliance with major programs
- 5 Two significant deficiencies relating to the audit of internal control over major programs were reported
- 6 Audit findings that are required to be reported under OMB Circular A-133 section 510(a) are reported in this schedule
- 7 The programs tested as major programs for the year ended December 31, 2012 are as follows

Crime Victim Assistance	CFDA #16 575
Enforcing Underage Drinking Laws Program	CFDA #16 727
Highway Safety Cluster	CFDA #20 600 and #20 601 and #20 602
- 8 The dollar threshold used for distinguishing between type A and B programs was \$300,000
- 9 Mothers Against Drunk Driving did not qualify as a low-risk auditee

FINDINGS – FINANCIAL STATEMENTS AUDIT

None reported

FINDINGS – MAJOR FEDERAL AWARD PROGRAMS AUDIT

SIGNIFICANT DEFICIENCIES

Finding 2012-1

Program Title & CFDA No Crime Victim Assistance (“VOCA”) – 16 575

Federal Agency U S Department of Justice (VOCA)

Criteria MADD is required to comply with all aspects of the Mississippi VOCA grant Per review of the site visit report from the granting agency, noncompliance was noted by the agency regarding documentation The determination by the granting agency stated direct care services were not documented and thus not provided as mandated under the grant itself

Context The granting agency identified these issues on a follow up site visit

Cause MADD needs to strengthen internal controls over documentation requirements as required under grant compliance

Effect Funding from the applicable agency was not renewed

Recommendation MADD should ensure that procedures are in place to identify grant compliance requirements and to ensure that required documentation is maintained with the applicable requirements Additional review procedures for grant compliance should be implemented to ensure accuracy of the reported amounts

Mothers Against Drunk Driving
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (Continued)
Year Ended December 31, 2012

FINDINGS – MAJOR FEDERAL AWARD PROGRAMS AUDIT (Continued)

SIGNIFICANT DEFICIENCIES (Continued)

Finding 2012-1 (Continued)

Views of Responsible Officials MADD will formalize procedures to ensure all reporting requirements are documented
MADD will develop a review process by supervisors to ensure that all grant requirements are monitored

Finding 2012-2

OVERALL

Criteria MADD is required to identify applicable reporting requirements In instances where reporting is required, MADD is required to ensure that reports are submitted to the applicable agency in a timely manner

Condition We noted a certain report was issued after the six month statutory issue date for the state of Louisiana

Cause MADD needs to strengthen internal controls over identification of reporting deadlines and ensure that reports are submitted on a timely basis

Effect Funding from the applicable agency could be suspended until MADD is in compliance with the reporting requirements

Recommendation We recommend management ensure procedures are in place to identify reporting requirements and to ensure that required reports are submitted in accordance with the applicable requirements

Views of Responsible Officials MADD will formalize procedures to ensure all reporting requirements are documented
Each grant will require a grant summary sheet to ensure that all grant requirements are monitored

Mothers Against Drunk Driving
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
Year Ended December 31, 2012

For a complete description of the prior year audit findings, please refer to the schedule of expenditures of federal awards and Reports of Independent Certified Public Accountants dated June 25, 2012 for the period ended December 31, 2011. The following schedule summarizes the status of prior audit findings.

Finding 12-31-2011-1

Type of Finding: Noncompliance and significant deficiency

Compliance Requirement: Reporting

Programs Affected: Overall

Current Status: Remediated. MADD formalized procedures to ensure all reporting requirements are documented.

Mothers Against Drunk Driving
CORRECTIVE ACTION PLAN
Year ended December 31, 2012

IDENTIFIED CONDITIONS (Reference specific findings by Number)	Degree of deficiency	CORRECTIVE MEASURES	STATUS AT TIME OF SUBMISSION	NAME & TITLE OF PERSON RESPONSIBLE FOR THIS ISSUE
Finding 12-31-2012-1 We noted the following errors in internal control over reporting compliance in our testing Per review of the site visit report from the granting agency, noncompliance was noted by the agency regarding documentation The determination by the granting agency stated direct care services were not documented and thus not provided as mandated under the grant itself	Significant Deficiency	Stricter procedures have been implemented to ensure all reporting requirements are documented MADD has developed a review process by supervisors to ensure that all grant requirements are monitored	Implemented	Lista Hightower, CFO
Finding 12-31-2012-2 Noted on certain report was issued after the six (6) month filing statutory issue date for the state of Louisiana	Significant Deficiency	Stricter procedures have been implemented for the state of LA to identify reporting requirements and to ensure that required reports are submitted by due dates	Implemented	Lista Hightower, CFO
Finding 12-31-2011-1 We noted the following errors in internal control over reporting compliance in our testing • Management did not submit the request for reimbursement timely for three out of sixty disbursements tested in addition to two other late reports identified throughout testing Management was also unable to provide support that one request for reimbursement was submitted timely • Management did not report a required match for one grant out of ten tested • Management did not report an expense in the proper budget category for three out of sixty disbursements tested • Management requested reimbursement for an expense greater than the budgeted category allowed for two reports tested out of sixty noting a total of four categories in which the request for reimbursement was greater than the budgeted amount for that category • Management requested reimbursement for an expense in an inappropriate reporting period for three out of sixty disbursements tested • In one report, management requested reimbursement for four expenses that had already been paid on a prior reimbursement request	Significant Deficiency (Prior Year)	Stricter procedures have been implemented for all states to identify reporting requirements and to ensure that required reports are submitted accurately and by due dates	Implemented	Lista Hightower, CFO



July 31, 2013

Audit Committee and Management
Mothers Against Drunk Driving

In planning and performing our audit of the financial statements of Mothers Against Drunk Driving ("MADD") as of and for the year ended December 31, 2012, in accordance with auditing standards generally accepted in the United States of America, we considered MADD's internal control over financial reporting ("internal control") as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of MADD's internal control. Accordingly, we do not express an opinion on the effectiveness of MADD's internal control.

In accordance with *Government Auditing Standards*, we have also issued a separate report dated July 31, 2013, on our consideration of MADD's internal control over financial reporting and on compliance and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit. This letter does not affect our report dated July 31, 2013, on the financial statements of MADD.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct misstatements on a timely basis.

A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of MADD's financial statements will not be prevented or detected and corrected on a timely basis. We did not identify any deficiencies in internal control that we consider material weaknesses.

A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses and, therefore, material weakness or significant deficiencies may exist that were not identified. As part of our audit, we performed procedures to evaluate the design of controls relevant to an audit of financial statements and to determine whether they had been implemented. We also performed procedures to test the operating effectiveness of certain controls. As discussed below, we identified a significant deficiency in internal control that we consider to be a significant deficiency.

NON-COMPLIANCE WITH GRANTOR REPORTING REQUIREMENTS

Observation

We noted that the Mississippi VOCA grant was not renewed due to noncompliance with the granting agency. Per review of the site visit report from the granting agency, noncompliance was noted by the agency regarding documentation. The determination by the granting agency stated direct care services were not documented and thus not provided as mandated under the grant itself.

Recommendation

Although the grant was not renewed, we recommend that management monitor and evaluate internal practices, as well as responses to follow-up visits to ensure compliance in all offices going forward. MADD should ensure that procedures are in place to identify grant compliance requirements and to ensure that required documentation is maintained with the applicable requirements. Additional review procedures for grant compliance should be implemented to ensure accuracy of the reported amounts.

* * * * *

We have previously discussed our comments with management and would be pleased to discuss them further. Follow-up to ensure that the recommended procedures have been implemented will occur during the planning and fieldwork stages of the December 31, 2013 audit.

This communication is intended solely for the information and use of management, the Audit Committee, others within MADD, and grantor agencies and is not intended to be, and should not be, used by anyone other than these specified parties.

Very truly yours,

LANE GORMAN TRUBITT, PLLC

**Management's Corrective Action Plan for Current Year Management Letter Findings
Mothers Against Drunk Driving (MADD)
December 31, 2012**

NON-COMPLIANCE WITH GRANTOR REPORTING REQUIREMENTS

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Corrective Action Plan

Stricter procedures have been implemented to ensure all reporting requirements are documented. MADD has developed a review process by supervisors to ensure that all grant requirements are monitored.

Name of Person Responsible for Corrective Action

Vicki Knox

Anticipated Completion Date

Corrective Action Plan has been completed